

read to you.

SENATOR SCHMIT: Is that the federal schedule?

SENATOR WARNER: That's the federal schedule for 150 percent depreciation...accelerated depreciation, which is the type of accelerated depreciation that is in that state table in LB 1063.

SENATOR SCHMIT: So a thoroughbred that is used for racing purposes is depreciated on a three-year basis. Right?

SENATOR WARNER: Right. More than three years of age.

SENATOR SCHMIT: More than...wait a minute. When do you start to depreciate the colt?

SENATOR WARNER: My assumption from this, Senator, and you can ask me about every monkey wrench and everything as I will answer you the best I can. I'm reading from the chart. I assume there is no depreciation taken on a racing horse that's under two years of age.

SENATOR SCHMIT: I guess so. Well, that's a very...

SENATOR WARNER: Oh, yeah, if I knew, I would say I know, Senator. I said I assumed the virtue of how it is written.

SENATOR SCHMIT: Well, that ought to be of some interest in a state where we do breed a lot of...a lot of thoroughbreds. And I would suggest that there may be some need to take a look at that section if we're going to tax them because of the fact that a filly that is trained for racing becomes a mare and races for several years, then may be used as a brood mare, may, in fact, fulfill two or three separate categories during the lifetime of the individual. I would suppose that as it changes hands that schedule could change also. I do not know how that is addressed in the bill. Therefore, I propose to solve the problem by removing the tax on thoroughbreds by declaring them inventory. Thoroughbreds, more than any other class of livestock, ought to qualify for that distinction. They are oftentimes claimed in the process of a race so that a thoroughbred is...if it's involved in racing, frequently is subject to change of ownership and as such ought to be considered a part of a racing stable inventory. We all know that the Van Berghs started their operation in Columbus, Nebraska many years ago. They did a lot